

Honolulu, Hawaii

MAR 31 2014

RE: H.B. No. 2142

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which
was referred H.B. No. 2142 entitled:

"A BILL FOR AN ACT RELATING TO POST-SECONDARY EDUCATION,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Repeal the requirement that a private college or university show that it maintains profitability as a means of demonstrating financial integrity to the Department of Commerce and Consumer Affairs at the time of its application for authorization; and
- (2) Repeal section 304A-3153, Hawaii Revised Statutes, relating to procedures for complaints to the University of Hawaii concerning institutions of higher learning in the State.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs Hawaii Post-Secondary Education Authorization Program and University of Hawai'i System.

Your Committee finds that although it is important that schools consistently maintain positive equity in their financial statements, it is neither uncommon nor inappropriate for a school to have financial statements that do not reflect profitability in every year that it has been in operation. Since schools may incur a loss in a particular year but still maintain positive equity,

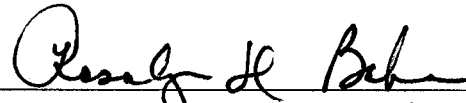


your Committee further finds that the deletion of the demonstration of profitability requirement, as proposed in this measure, is appropriate.

Your Committee additionally finds that Act 180, Session Laws of Hawaii 2013, identified the Department of Commerce and Consumer Affairs as the state entity that would perform the regulatory functions of authorizing post-secondary institutions and handling complaints against such institutions. This measure adds greater clarity to what is required of private colleges and universities with regard to demonstrating financial integrity when applying for authorization and minimizes redundancy in the Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2142, and recommends that it pass Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



Record of Votes
Committee on Commerce and Consumer Protection
CPN

*Only one measure per Record of Votes